銀建國際控股集團有限公司

The board ("Board") of directors ("Directors") of Silver Grant International Holdings Group Limited ("Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2022 as follows:

		(Unaudited)
		2021
Rental income		43,574
Direct operating expenses		(5,882)
		37,692
Dividend income from listed and unlisted securities		—
Other income, gains and losses		155,684
Change in fair value of financial assets at fair value through profit or loss ("FVTPL")		(36,144)
Change in fair value of a derivative financial instrument		15,681
(Impairment)/reversal of impairment of financial assets, net		18,868
Administrative expenses		(93,717)
Change in fair value of investment properties		31,313
Finance costs		(166,760)
Share of profit/(loss) of:		
— associates		1,077
— joint ventures		(307,119)
Loss before taxation		(343,425)
Taxation		(7,528)
Loss for the period		(350,953)
Loss attributable to:		
— owners of the Company		(251,333)
— non-controlling interests		(99,620)
		(350,953)
— Basic and diluted (HK cents per share)		(10.90)

		(Unaudited) 2021
LOSS FOR THE PERIOD		(350,953)
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange difference on translation of foreign operations		15,114
Total other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods		15,114
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:		
(Loss)/gain on property revaluation		11,906
Income tax effect		—
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods		11,906
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX		27,020
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(323,933)
Total comprehensive loss attributable to:		
Owners of the Company		(234,803)
Non-controlling interests		(89,130)
		(323,933)

		(Audited) As at 31 December 2021
Investment properties		2,730,045
Property, plant and equipment		271,659
Right-of-use assets		51,773
Other intangible assets		2,814
Interests in associates		335,507
Interests in joint ventures		1,568,397
Amount due from an associate		560,690
Amounts due from joint ventures		1,747,964
Financial assets at FVTPL		167,689
Total non-current assets		7,436,538
Trade receivables		4,377
Deposits, prepayments and other receivables		714,075
Amount due from a joint venture		61,078
Loan receivables		2,239,727
Financial assets at FVTPL		952,679
Derivative financial instruments		22,280
Pledged bank deposits		24,450
Cash and bank balances		116,755
Total current assets		4,135,421
Accrued charges, rental deposits and other payables		405,116
Interest-bearing bank and other borrowings		541,037
Taxation payable		109,457
Lease liabilities		2,048
Convertible bonds		1,301,494
Total current liabilities		2,359,152

		(Audited) As at 31 December 2021
		1,776,269
		9,212,807
Interest-bearing bank and other borrowings		3,193,628
Lease liabilities		52,404
Deferred tax liabilities		248,542
Total non-current liabilities		3,494,574
Net assets		5,718,233
Share capital		3,626,781
Reserves		1,604,563
		5,231,344
Non-controlling interests		486,889
Total equity		5,718,233

The unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2022 have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules (“Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”).

The financial information relating to the year ended 31 December 2021 that is included in this unaudited condensed consolidated statement of financial position as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (“Companies Ordinance”) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance. The Company’s auditors have reported on the financial statements for the year ended 31 December 2021. The auditor’s report was unqualified; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Companies Ordinance.

The accounting policies adopted in the preparation of these unaudited interim condensed consolidated financial statements for the six months ended 30 June 2022 are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) for the first time for the current period’s financial statements.

Amendments to HKFRS 3
Amendments to HKAS 16
Amendments to HKAS 37
Annual Improvements to
HKFRSs 2018-2020

The nature and impact of the revised HKFRSs are described below:

(a) Amendments to HKFRS 3 are intended to replace a reference to the previous with a reference to the issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

(b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments did not have any impact on the financial position and performance of the Group.

(c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments did not have any impact on the financial position and performance of the Group.

(d) Annual Improvements to HKFRSs 2018-2020 sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- HKFRS 9 : clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The amendment did not have any impact on the financial position of the Group.

- HKFRS 16 : removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

For management purposes, the Group is organised into business units based on their products and has the following reporting segments:

(a) the investments segment representing the investments in financial assets at FVTPL and loan receivables; and

(b) the property leasing segment representing the holding of properties for rental income and/or potential for capital appreciation.

Management of the Group monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that finance costs, share of results of an associate and a joint venture and corporate expenses are excluded from such measurement.

No segment assets or liabilities are presented as the chief operating decision maker of the Company does not regularly review segment assets and liabilities.

Revenue			
— Rental income			
— Dividend income from listed and unlisted securities			
Segment profit			
Other unallocated income, gains and losses			
Corporate expenses			
Finance costs (other than interest on lease liabilities)			
Share of profit of:			
— associates			
— joint ventures			
Loss before taxation			
Taxation			
Loss for the period			

Six months ended 30 June 2021 (Unaudited)

	Investments	Property leasing	Total
Revenue			
— Rental income	—	43,574	43,574
Segment profit	143,469	52,987	196,456
Other unallocated income, gains and losses			2,170
Corporate expenses			(69,249)
Finance costs			(166,760)
Share of profit/(loss) of:			
— an associate			1,077
— a joint venture			(307,119)
Loss before taxation			(343,425)
Taxation			(7,528)
Loss for the period			(350,953)

	(Unaudited)
	2021
Hong Kong	—
People’s Republic of China (the “PRC” or “China”)	43,574
	43,574

The revenue information above is based on the locations of the customers.

An analysis of the revenue is as follows:

		(Unaudited)
		2021
Gross rental income		43,574
Dividend income from listed and unlisted securities		—
		43,574

An analysis of other income, gains and losses is as follows:

		(Unaudited)
		2021
Interest income		
— amounts due from an associate		11,874
— amounts due from a joint venture		40,389
— loan receivables		101,168
— bank deposits		1,418
Net foreign exchange loss		(1,573)
Government grants		—
Others		2,408
		155,684

An analysis of finance costs is as follows:

		(Unaudited)
		2021
Interest on bank loans		5,770
Interest on other loans		77,604
Interest on convertible bonds		73,743
Interest on senior note		7,285
Interest on lease liability		2,358
		166,760

No provision for Hong Kong profits tax has been made as the Company and its subsidiaries in Hong Kong incurred tax losses for both reporting periods.

The taxation charge of the PRC Corporate Income Tax ("CIT") for the reporting periods has been made based on the Group's estimated assessable profits calculated in accordance with the relevant income tax laws applicable to the Company's subsidiaries in the PRC. Under the Law of the PRC on Corporate Income Tax ("CIT Law") and the Implementation Regulation of the CIT Law, the tax rate of the Company's subsidiaries in the PRC was 25% for both reporting periods.

The withholding tax arising from the dividend income received from the Company's subsidiaries in the PRC was calculated at 5% for both reporting periods.

		(Unaudited)
		2021
Current:		
PRC CIT — charge for the period		968
Deferred		6,560
Total tax (credit)/charged for the period		7,528

The Group's loss before taxation was arrived at after charging/(crediting):

	(Unaudited) 2021
Depreciation of property, plant and equipment	5,417
Depreciation of right-of-use assets	1,981
Change in fair value of financial assets at FVTPL	36,144

The calculations of the basic and diluted loss per share attributable to ordinary equity holders of the Company are based on the following data:

		(Unaudited)
		2021
Loss for the period attributable to ordinary equity holders of the Company used in the basic and diluted loss per share calculations		(251,333)

		2021
Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculations		2,304,850

The denominators used in the calculations of the basic and diluted loss per share are the same as those detailed above for the calculations of the basic and diluted loss per share attributable to the ordinary equity holders of the Company.

No adjustment for dilution has been made to the basic loss per share presented for the six months ended 30 June 2022 and 2021 as the Company's convertible bonds outstanding had an anti-dilutive e f ect on the basic loss per share presented.

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

The Group allows a credit period of 30 to 60 days for its trade customers.

The following is an aging analysis of the trade receivables presented based on the invoice dates at the end of the reporting periods, which approximated the respective revenue recognition dates:

		(Audited) As at 31 December 2021
0 to 30 days		4,377

The Group had the following capital commitments at the end of the reporting periods:

		(Audited) As at 31 December 2021
Contracted, but not provided for:		
Unlisted equity securities		183,374

During the six months ended 30 June 2022 ("Period 2022"), international crude oil prices increased due to the complex and unstable situations in mainland China and overseas, such as the conflict between Russia and Ukraine which triggered a wave of sanctions from Western countries against Russia, accelerating global inflation. In response to the current economic situation, the Federal Reserve Board of Governors of the U.S. ("Federal Reserve") undertook a tight monetary policy and announced an increase in the federal funds rate range in March, May, June, and July this year, with the increase amounting to 225 basis points in aggregate, causing substantial shocks to the global economic growth and the financial markets. In China, strict lockdown measures, inter-city travel restrictions and quarantine requirements for inbound travellers have been implemented by the government in response to the resurging Coronavirus Disease 2019 ("COVID-19") pandemic, especially in the city that has contributed the most to the national gross domestic product, Shanghai, which has adopted static management in April and May this year, leading to a sharp contraction in economic activities and a significant slowdown in economic growth during Period 2022. On the other hand, the long-term cash flow crisis of the real estate industry in China, being the major pillar of the local economy, has posed significant impacts on fixed asset investments, local fiscal revenue, the financial industry and employment, resulting in rising interest rates, weaker-than-expected economic growth, reduced confidence from consumers and investors, and poor market sentiment.

Despite the significant fluctuations in international crude oil prices and the recurring outbreak of COVID-19 in China, Zhong Hai You Qi (Tai Zhou) Petrochemical Company Limited* (中海油氣（泰州）石化有限公司) ("Zhong Hai You Qi"), the Company's joint venture, was profitable during Period 2022. In addition, the operation management team of Zhong Hai You Qi has strived to achieve effective cost reduction and efficiency enhancement during Period 2022, resulting in a decrease in the total cost per tonne of oil and an increase in the profit per tonne of oil, as compared to those for the six months ended 30 June 2021 ("Period 2021"). During Period 2022, the second phase of Zhong Hai You Qi's project for the development of high-end lubricant oil products has been progressing as scheduled. It is expected that the construction of the facilities to manufacture such lubricant oil products will commence by the end of this year.

During Period 2022, the expectation of interest rate hikes intitated by the Federal Reserve has triggered a decline in the prices of most of the global assets. Coupled with unfavourable investor sentiment, both the Group's progress in realising its non-performing asset investments with real estate being the underlying assets and the yield generated from these investments were significantly under expectation. After due consideration, the Group has adjusted its business strategy in a timely manner and decided to speed up the disposal of its existing investments.

On the other hand, the Group has redirected its focus to equity investments in Period 2022, targeting the new energy industry and its sub-sectors. Driven by the vision of "carbon neutrality", the world is entering into an important historical period of high-carbon to low-carbon transition. Against such backdrop, it is expected that there will be technological competition centred around carbon neutrality, leading to long-term development of the new energy industry. The Group believes that the new energy industry will enter into a long-term growth period in the next two decades due to the high demand brought about by the transformation of the energy structure, and engagement in relevant sub-sectors of the new energy industry will become an essential initiative for the Group to seek strategic transformation.

The Group has made investments in certain enterprises in the PRC which are classified by the Group as financial assets at FVTPL. As at 30 June 2022, the NT Trust Scheme (as defined below) was the most significant financial assets at FVTPL of the Group, the carrying value of which represented approximately 3.54% of the total assets of the Group. Further details of the NT Trust Scheme are set out below:

The Group invested RMB505,000,000 (equivalent to approximately HK$590,643,000) in aggregate into a trust ("NT Trust Scheme") holding a portfolio of limited liability partnerships investing in property development investments in Zhuozhou and Shenyang in the PRC, which is managed by 國民信託有限公司 (National Trust Co., Ltd.*). As at 30 June 2022, the value of the NT Trust Scheme accounted for approximately 3.54% of the total assets of the Group. The carrying value of the NT Trust Scheme as at 30 June 2022 was approximately HK$412,183,000, which was determined by reference to the net asset value of the NT Trust Scheme as set out in the unaudited financial statements of the NT Trust Scheme as at 30 June 2022, as compared to the carrying value of the NT Trust Scheme as at 31 December 2021 of approximately HK$460,235,000. The Group recorded a fair value loss of the NT Trust Scheme of approximately HK$28,948,000 for Period 2022, as compared to that of approximately HK$5,014,000 for Period 2021, which has contributed to the increase in the loss on the fair value of the financial assets at FVTPL from approximately HK$36,144,000 for Period 2021 to approximately HK$108,892,000 for Period 2022. The Group did not receive any distribution from the NT Trust Scheme or record any realised gain or loss in relation to this investment during Period 2022 (Period 2021: nil). Based on its current investment strategy, the Group will consider to dispose of its interest in the NT Trust Scheme at any time provided that an opportunity allowing the Group to realise a reasonable return arises.

The objective of the Group in relation to its investments in financial assets is to capture returns from the appreciation of the value of its investments and to receive income therefrom. The Board believes that the performance of the financial asset investments of the Group is dependent on the financial and operating performance of the investee companies and market sentiment, which are affected by factors such as interest rate movements, national policies and performance of the global and national economies. The Group will continue to adopt prudent investment principles, closely monitor the performance of its investment portfolio, and adjust its investment strategies in a timely manner. In response to the potential economic recession and market volatility, the Group has accelerated the realisation of its mature investments while reducing the proportion of its medium and long-term investments, so as to improve its liquidity position.

The rental income from the Group's property leasing business amounted to approximately HK$58,934,000 for Period 2022, representing an increase of approximately 35.25% from that of approximately HK$43,574,000 for Period 2021. Revenue from the Group's property leasing business segment was derived from East Gate Plaza, an investment property of the Group located in Beijing, China, which comprises a residential section and a commercial section. The increase in the rental income for Period 2022 was caused by (i) the increase in the occupancy rate of East Gate Plaza from approximately 80% in Period 2021 to approximately 85% in Period 2022, as a result of the ongoing increased marketing efforts of the Group's property operation team to actively recruit new tenants for the vacant areas in East Gate Plaza and retain the existing tenants of the property; (ii) the improvement in the Group's property management service standard and the re-branding of the commercial section of East Gate Plaza by the Group to attract more high-quality tenants; and (iii) the increase in the average rental rate of East Gate Plaza of RMB728 per square metre per month in Period 2021 to RMB758 per square metre per month in Period 2022, which were partially offset by the loss on the foreign exchange translation of the rental income due to the depreciation of the RMB against the HK$ during Period 2022.

Looking forward to the second half of 2022, it is expected that the global economy will continue to face considerable uncertainties. Further tightening of monetary policies in major Western economies has exposed China to certain risks, such as slowdown in external demand, turbulence in the global financial markets and geopolitical conflicts. By adhering to its principle of "stability", the Chinese Central Government will continue to maintain reasonable and sufficient liquidity in the country, focus on stabilising employment and prices, actively expand domestic demand and maintain economic operations within a reasonable range, which will reduce the impacts of the global turmoil on China.

In view of the complex and severe external environment, the Group has also re-examined its own business, striving to seek strategic transformation. In respect of management, the Group will strengthen its budget management, consolidate its internal control system, and optimise its operation mechanism. In terms of business, the Group will realise its investments progressively, reduce the level of its inefficient investments, restructure its principal businesses and establish its unique investment system through investment opportunities in the new energy industry chain.

The loss attributable to the owners of the Company decreased to approximately HK$146,349,000 for Period 2022 from that of approximately HK$251,333,000 for Period 2021, mainly due to the combined effect of the following:

(a) the turnaround in the result of Zhong Hai You Qi from a loss of approximately HK$307,119,000 for Period 2021 to a profit of approximately HK$58,214,000 for Period 2022, mainly attributable to (i) the additional sales tax and related tax surcharge and late fee of approximately RMB490,000,000 in total incurred by Zhong Hai You Qi during Period 2021, which were absent during Period 2022; (ii) the change of Zhong Hai You Qi's product mix to petrochemical products with higher profit margins in Period 2022; and (iii) the improvement of Zhong Hai You Qi's production process, which resulted in a reduction in its production costs in Period 2022;

(b) the increase in other income, gains and losses from approximately HK$155,684,000 for Period 2021 to approximately HK$277,560,000 for Period 2022, mainly due to the increase in the interest income arising from the increase in the loan receivables during Period 2022; and

(c) the increase in the finance costs incurred by the Group from approximately HK$166,760,000 for Period 2021 to approximately HK$277,064,000 for Period 2022, mainly attributable to the increase in the Group's bank loans and other borrowings during Period 2022 from those during Period 2021.

The basic loss per share attributable to ordinary equity holders of the Company was 6.35 HK cents for Period 2022 (Period 2021: basic loss per share of 10.90 HK cents).

The increase in the rental income earned by the Group from approximately HK$43,574,000 for Period 2021 to approximately HK$58,934,000 for Period 2022 was mainly due to the increase in both the occupancy rate and the average rental rate per square metre per month of the Group's investment property located in Beijing from Period 2021 to Period 2022, which was partially offset by the loss on the foreign exchange translation of the rental income resulted from the depreciation of the RMB against the HK$ during Period 2022.

The increase in interest income (excluding interest income from bank deposits) from approximately HK$153,431,000 for Period 2021 to approximately HK$244,247,000 for Period 2022 was mainly due to the increase in the interest income generated from loan receivables from approximately HK$101,168,000 for Period 2021 to approximately HK$206,846,000 for Period 2022.

The increase in the loss in the fair value of the financial assets at FVTPL from approximately HK$36,144,000 for Period 2021 to approximately HK$108,892,000 for Period 2022 was mainly attributable to the amounts of fair value loss recognised by the Group on its major financial asset, NT Trust Scheme, and one of its non-performing loan portfolios of approximately HK$28,948,000 (Period 2021: HK$5,014,000) and approximately HK$68,572,000 (Period 2021: HK$33,076,000) respectively.

The decrease in administrative expenses from approximately HK$93,717,000 for Period 2021 to approximately HK$46,479,000 for Period 2022 was mainly due to (i) the reduction in the staff costs of the Group following the corporate restructuring undertaken by the Group under its investment business segment during Period 2022; (ii) the consultant fee for loan arrangement, fund management fee and office re-location cost incurred by the Group during Period 2021, which were absent in Period 2022; and (iii) the provision of financial guarantee liabilities written back during Period 2022.

The turnaround in the share of profit or loss of joint ventures during Period 2022 was mainly due to the change in the Company's share of result of its joint venture, Zhong Hai You Qi, from a loss of approximately HK$307,119,000 for Period 2021 to a profit of approximately HK$58,214,000 for Period 2022, mainly attributable to the reasons as mentioned in paragraph (a) under the section headed "Financial Review" above.

In Period 2022, the Group's principal assets, liabilities, revenue and payments were denominated in HK$, RMB and US$. In the opinion of the Board, RMB will remain as a regulated currency in the foreseeable future. Although the market is generally anticipating an increased volatility in the RMB exchange rate, the Board does not anticipate that it will have any material adverse effect on the financial position of the Group. However, the Board will closely monitor the future development of the RMB exchange rate and will take appropriate actions as necessary.

In addition, the Board does not anticipate that there will be any material exchange exposure to the Group in respect of other currencies.

At the end of Period 2022, the Group had no material liability denominated in any foreign currencies other than RMB. There was also no hedging transaction contracted for by the Group during Period 2022.

The Group adopts a conservative treasury policy under which the Group keeps its investment costs under control and manages the returns on its investments efficiently. The Group has guidelines in place to monitor and control its investment risk exposure and to manage its capital. The Group also strives to reduce its exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. The Board closely reviews the Group's liquidity position to ensure the Group has adequate liquidity to meet its funding requirements at all times.

As at 30 June 2022, the Group's total short-term and long-term borrowings and convertible bonds amounted to approximately HK$5,455,668,000 in aggregate, the composition of which is summarised below:

		(Audited) 31 December 2021
Short-term borrowings		541,037
Long-term borrowings		3,193,628
Convertible bonds		1,301,494
Total borrowings		5,036,159
Less:		
Cash and bank balances (including pledged bank deposits)		(141,205)
Net borrowings		4,894,954

Interests for all borrowings of the Group for Period 2022 were charged at fxed and foating rates ranging from 5.35% per annum to 12% per annum (Period 2021: 5.35% to 12% per annum).

While approximately HK$178,500,000 and HK$3,938,042,000 of the Group's long-term and short-term borrowings outstanding as at 30 June 2022 were denominated in HK$ and RMB, respectively, approximately HK$176,700,000, HK$3,552,320,000 and HK$5,645,000 of the Group's long-term and short-term borrowings outstanding as at 31 December 2021were denominated in HK$, RMB and US$, respectively. Out of the long-term and short-term borrowings of the Group which remained outstanding as at 30 June 2022, approximately HK$2,363,822,000 (31 December 2021: HK$1,912,311,000) carried floating interest rates and approximately HK$1,752,720,000 (31 December 2021: HK$1,822,354,000) carried fxed interest rates. As at 30 June 2022, the Group also had outstanding convertible bonds due in July 2022, which were of the aggregate principal amount of HK$1,150,000,000 with interest payable at 7% per annum. Further details of such convertible bonds are set out in the section headed "Issue of Convertible Bonds" below.

As at 30 June 2022, the Group's cash and bank balances (including pledged bank deposits) were approximately HK$113,469,000 (31 December 2021: HK$141,205,000) in aggregate, out of which approximately 4.44% (31 December 2021: 35.8%), approximately 95.51% (31 December 2021: 57.2%) and approximately 0.05% (31 December 2021: 7.0%) were denominated in HK$, RMB and US$ respectively. As at 30 June 2022, the Group's total borrowings were approximately HK$5,455,668,000 (31 December 2021: HK$5,036,159,000), which comprised (i) a loan in the principal amount of approximately RMB1,980,000,000 (31 December 2021: RMB1,600,000,000) repayable by instalments with the last instalment due in 2026; (ii) a loan in the principal amount of approximately RMB670,000,000 (31 December 2021: RMB670,000,000) due in December 2023; (iii) a loan in the principal amount of RMB86,130,000 (31 December 2021: RMB97,200,000) due in December 2022; (iv) a loan in the principal amount of approximately RMB110,700,000 (31 December 2021: RMB110,700,000) due in December 2022; (v) loans in the aggregate principal amount of approximately RMB28,128,000 (31 December 2021: RMB28,128,000) repayable on demand; (vi) a loan in the principal amount of approximately RMB141,000,000 (31 December 2021: RMB145,500,000) due in February 2024; (vii) a loan in the principal amount of approximately RMB290,000,000 (31 December 2021: RMB290,000,000) due in April 2024; (viii) convertible bonds in the aggregate principal amount of HK$1,150,000,000 (31 December 2021: HK$1,150,000,000) due in July 2022; (ix) loans in the aggregate principal amount of approximately RMB20,000,000 (31 December 2021: Nil) due in August 2022; (x) a loan in the principal amount of RMB71,875,000 due in November 2023; and (xi) a loan in the principal amount of HK$180,000,000 (31 December 2021: HK$180,000,000) due in December 2022, and the Group's net current assets were approximately HK$2,158,237,000 (31 December 2021: HK$1,776,269,000). In addition, the Group had fully utilised its loan facilities as at 30 June 2022 (31 December 2021: unutilised loan facilities of RMB380,000,000). There is generally no material seasonality of the borrowing requirements of the Group. Based on the foregoing information, the Board is confident that the Group has adequate working capital to finance its operations and to meet its financial obligations as and when they fall due. Notwithstanding this, the Board will seek to dispose of the Group's short and medium term investments to replenish the Group's funds in order to further enhance the Group's working capital to a stronger level.

As at 30 June 2022, the gearing ratio (calculated as interest-bearing bank and other borrowings and the convertible bonds issued by the Company over equity attributable to owners of the Company) and the current ratio (calculated as current assets over current liabilities) of the Group were 111% (31 December 2021: 96%) and 1.9x (31 December 2021: 1.8x) respectively. These ratios are the key performance indicators used by the management of the Group to measure the Group's level of leverage to ensure the Group has the liquidity to meet its financial obligations at all times. The Group will strive to improve its liquidity by expediting its collection of outstanding loan

(i) the Group will continue to implement measures to speed up the collection of outstanding loan receivables;

(ii) the Group will continue to take measures to expedite the disposal of financial asset investments, including equity investments and non-performing assets; and

(iii) the Group has been actively negotiating with its creditors for refinancing the borrowings which are due within a year.

Having reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from 30 June 2022, the Directors are of the opinion that, taking into account the abovementioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due. Accordingly, the Directors are satisfied that it is appropriate to prepare the unaudited interim condensed consolidated financial statements of the Group on a going concern basis.

As at 30 June 2022, the Group pledged certain investment properties and leasehold land and buildings with an aggregate carrying value of approximately HK$2,522,649,000 (31 December 2021: HK$2,650,502,000) and approximately HK$195,700,000 (31 December 2021: HK$198,500,000), respectively, to secure general banking facilities granted to the Group, other loans and other payables to an independent third party. As at 30 June 2022, the Group pledged bank deposits of approximately HK$23,392,000 (31 December 2021: HK$24,450,000) to secure banking facilities granted to a joint venture of the Company.

As at 30 June 2022, the Group had capital expenditures contracted for but not provided for in its unaudited condensed consolidated financial statements in respect of the acquisition of unlisted equity securities, non-performing assets and an asset management company of approximately HK$175,439,000 (31 December 2021: HK$183,374,000 entirely for the purchase of unlisted equity securities) in aggregate. It is expected that these capital expenditures will be settled by cash through internal resources of the Group. Other than the capital commitments as disclosed, the management of the Group does not expect there to be any plans for material investments or capital assets in the coming six months.

As at 30 June 2022, the Group provided corporate guarantees of approximately HK$3,087,520,000 (31 December 2021: HK$3,841,990,000) in respect of the loans granted to a joint venture.

As at 30 June 2022, the shareholders' fund of the Company was approximately HK$4,917,761,000 (31 December 2021: HK$5,231,344,000), representing a decrease of approximately HK$313,583,000 or approximately 5.99% as compared to that as at 31 December 2021. The decrease was mainly contributed by (i) the depreciation of the RMB against the HK$ of approximately 4.33% during Period 2022 and therefore an exchange loss charged to the exchange translation reserve resulting from the translation of the books of the subsidiaries of the Company in the PRC; and (ii) the loss of the Group for Period 2022.

On 20 May 2019, the Company entered into a placing agreement ("Placing Agreement") with CMB International Capital Limited ("Placing Agent"), pursuant to which the Company conditionally agreed to place through the Placing Agent, on a best effort basis, 7% senior unsecured and guaranteed convertible bonds ("Convertible Bonds") of the Company due 2022 of an aggregate principal amount of up to HK$200,000,000, to placees who and whose subsidiaries or associates are independent third parties (within the meaning of the Listing Rules) of the Company, at the conversion price ("Conversion Price") of HK$2.33 per ordinary share ("Share") with no par value ("Conversion Share") of the Company ("Placing").

On 22 May 2019, the Company entered into a subscription agreement ("JIC Subscription Agreement") with JIC (Hong Kong) Holding Limited ("JIC") (a placee procured by the Placing Agent, who and whose ultimate beneficial owner(s) are independent third parties (within the meaning of the Listing Rules) of the Company), in relation to JIC's subscription for the Convertible Bonds with a principal amount of up to HK$200,000,000 ("JIC Subscription").

Save for (a) the date of the agreement; (b) the identity of the subscriber; (c) the principal amount of the Convertible Bonds to be subscribed; and (d) the inclusion of two additional conditions precedent to the completion of the JIC Subscription Agreement (namely, (i) Mr. Chu Hing Tsung

On 20 May 2019, the Company also entered into a subscription agreement ("Connected Subscription Agreement", collectively the "Connected Subscription Agreements") with each of Regent Star International Limited ("Regent Star"), Mr. Gao Jian Min ("Mr. Gao"), Wonderful Sky Financial Group Holdings Limited ("Wonderfulsky"), Ms. Luk Ching Sanna ("Ms. Luk") and Excel Bright Capital Limited ("Excel Bright") (collectively the "Connected Subscribers", and each a "Connected Subscriber"), who were all connected persons (within the meaning of the Listing Rules) of the Company as at the date of the Connected Subscription Agreements, pursuant to which the Company conditionally agreed to issue, and each of the relevant Connected Subscribers conditionally agreed to subscribe for, the Convertible Bonds in the aggregate principal amount of HK$950,000,000, at the Conversion Price ("Connected Subscriptions"). Mr. Chu has provided personal guarantees ("Guarantees") in favour of the relevant subscribers pursuant to the JIC Subscription Agreement and the Connected Subscription Agreements.

Completion of the JIC Subscription and the Connected Subscriptions took place on 3 July 2019. The gross proceeds from the issue of the Convertible Bonds were in the amount of HK$1,150,000,000. The net proceeds from the issue of the Convertible Bonds, after deduction of all relevant costs and expenses, amounted to approximately HK$1,147,000,000, among which (i) approximately HK$500,000,000 would be used for repaying the Company's short-term debts; (ii) approximately HK$400,000,000 would be used for expanding the Company's business to the financial investment and service industry, such as acquisition of and investment in distressed debts in the PRC; and (iii) approximately HK$247,000,000 would be used as general working capital of the Company. As at the date of this interim results announcement, the net proceeds have been fully utilised as intended.

The issue price of the Convertible Bonds was 100% of the principal amount of the Convertible Bonds, which was HK$1,150,000,000 in aggregate (among which a principal amount of HK$200,000,000 was placed to JIC through the Placing; and the principal amounts of HK$450,000,000, HK$200,000,000, HK$100,000,000, HK$100,000,000 and HK$100,000,000 were subscribed for by Regent Star, Mr. Gao, Wonderfulsky, Ms. Luk and Excel Bright, respectively).

On 6 July 2022, the Company (as issuer), the Connected Subscribers and JIC (collectively, the "Subscribers") (as subscribers), and Mr. Chu (as guarantor), entered into an amendment deed ("First Amendment Deed"), pursuant to which the parties conditionally agreed to, among others, amend certain terms and conditions of the Convertible Bonds ("P

(ii) the interest rate of the Convertible Bonds shall be adjusted from 7% per annum for the period from and including the issue date ("Issue Date") of the Convertible Bonds to 4 July 2022 ("Relevant Payment Date"), to (1) seven per cent. (7%) per annum for the period from and including the Issue Date to the Relevant Payment Date; and (2) twelve per cent. (12%) per annum for the period from the date immediately after the Relevant Payment Date to the Maturity Date;

(iii) the amount payable by the Company to redeem all the Convertible Bonds on the Maturity Date ("Outstanding Bonds") in accordance with the instrument constituting the Convertible Bonds executed by the Company on 3 July 2019 ("Bond Instrument") shall be adjusted from 116.5% of the entire principal amount of the Outstanding Bonds as at the Maturity Date (inclusive of interests received up to the Maturity Date), to a sum equal to the aggregate of (1) 100% of the principal amount of the Outstanding Bonds; and (2) the interests on 100% of the principal amount of the Outstanding Bonds accrued at 12% per annum for the period from the date immediately after the Relevant Payment Date up to and including the Maturity Date;

(iv) the Convertible Bonds shall be secured by pledges over the receivables of the Group (mainly the loans granted by the Group to its joint venture, associates and independent third parties) and the equity interests in the subsidiaries and associates of the Company holding receivables of the Group, and the status of the Convertible Bonds set out in the Bond Instrument shall be adjusted from direct, guaranteed, unsecured, unsubordinated and unconditional obligations of the Company, which shall at all times rank and without any preference or priority among themselves and at least with all other present and future direct, unsecured, unsubordinated and unconditional obligations of the Company, to direct, guaranteed, secured, unsubordinated and unconditional obligations of the Company, which shall at all times rank and without any preference or priority among themselves and at least with all other present and future direct, secured, unsubordinated and unconditional obligations of the Company; and

(v) the period of the notice to be given by the Company to the Subscribers for early redemption of the Convertible Bonds by the Company shall be adjusted from not less than thirty (30)

A bondholder of the Convertible Bonds can only exercise his/her/its conversion rights on the conditions that (i) no obligation will arise on the bondholder to make a general offer to the shareholders of the Company ("Shareholders") for all securities of the Company under Rule 26 of the Code on Takeovers and Mergers upon exercising of the conversion rights; and (ii) no Listing Rules, including the minimum public float requirements of the Company under the Listing Rules, will be breached as a result of an exercise of the conversion rights.

As at the date of this announcement, none of the Convertible Bonds have been redeemed, converted or cancelled.

Assuming there is full conversion of the Convertible Bonds at the Conversion Price of HK$2.33 per Share, the net subscription price for each Conversion Share is approximately HK$2.32 per Share and an aggregate of 493,562,227 Shares shall be allotted and issued (among which 85,836,909 Shares will be issued under the Placing and 407,725,318 Shares will be issued under the Connected Subscriptions), representing approximately 21.4% of the total number of Shares in issue as at the date of this interim results announcement and approximately 17.6% of the total number of Shares in issue as enlarged by the allotment and issue of the Conversion Shares (assuming no other change in the issued share capital of the Company). Such allotment and issue of the Conversion Shares will result in the respective shareholdings of the Shareholders being diluted by approximately 17.6%.

Set out below is the dilution effect on the equity interest of the substantial Shareholders (within the meaning of the Listing Rules) if there had been full conversion of the outstanding Convertible Bonds as at 30 June 2022:

Zhuguang Holdings	681,240,022	29.56%	681,240,022	28.5%	681,240,022	25.1%	681,240,022	24.3%
Regent Star	438,056,000	19.01%	438,056,000	18.3%	631,189,047	23.3%	631,189,047	22.6%

Zhuguang Holdings Group Company Limited ("Zhuguang Holdings") owns 681,240,022 Shares through its wholly-owned subsidiary, Splendid Reach Limited. Zhuguang Holdings is owned as to 66.85% by Rong De Investments Limited, and Mr. Chu, the Chairman, a Co-Chief Executive Officer and an executive Director, holds 34.06% of the equity interest in Rong De Investments Limited.

As at 30 June 2022, the Group had total net assets of approximately HK$5,381,975,000 and total net current assets of approximately HK$2,158,237,000. Based on the financial and liquidity positions of the Group and to the best knowledge and belief of the Company, the Company expects that it will be able to meet its redemption obligations under the Convertible Bonds.

An analysis of the Company's share price at which it would be equally financially advantageous for the holders of the Convertible Bonds to convert or redeem the Convertible Bonds based on their implied internal rate of return at a range of dates in the future is set out below:

30 December 2022 (i.e. the Maturity Date, on which the Company will redeem all of the Convertible Bonds at such amount equal to the aggregate of (i) 100% of the principal amount of the Outstanding Bonds; and (ii) the interest on 100% of the principal amount of the Outstanding Bonds accrued at 12% per annum for the period from the date immediately after the Relevant Payment Date up to and including the Maturity Date, unless any of such Convertible Bonds have already been previously redeemed, converted, purchased or cancelled)	2.4698 per Share

Details of the Placing, the JIC Subscription, the Connected Subscriptions, the Amendment Deeds and the Proposed Amendments are set out in the announcements of the Company dated 20 May 2019, 22 May 2019, 27 June 2019, 6 July 2022, 11 July 2022 and 15 July 2022, and the circulars of the Company dated 10 June 2019 and 5 August 2022.

As at 30 June 2022, the Group employed 78 employees (31 December 2021: 84 employees) in Hong Kong and in the PRC. Total employee benefit expenses for Period 2022 were approximately HK$29,579,000, as compared to those of approximately HK$31,619,000 for Period 2021.

During Period 2022, the Group offered its employees competitive remuneration packages, which were consistent with the prevailing market practices in the relevant jurisdictions. The remuneration package for each employee of the Group contains a combination or modification of some or all of the following four main components: (i) basic salary; (ii) incentive bonus; (iii) share options (no share option scheme of the Company is in force as at the date of this interim results announcement); and (iv) other benefits, such as statutory retirement scheme and medical insurance. Incentive bonus and share options for each employee are determined with reference to the employee's position, performance and ability to contribute to the overall success of the Group. The Group's remuneration policies remained unchanged during Period 2022. The employees of the Group are remunerated according to their respective job nature, market conditions, individual performance and qualifications. As the Group views career development as an important aspect of its employees, ongoepe()0.5 (e)0.7 (p)0.n500056.n5h056.n5a00569s(s)0.5 bges po()0.5 (dy)0.5 (e)06 (dy)0

The Company is committed to maintaining high standards of corporate governance in the interests of its shareholders.

The Board acknowledges its responsibilities for preparing the condensed consolidated financial statements of the Group, which give a true and fair view of the state of affairs of the Group on a going concern basis. In preparing the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2022, the Board has (i) selected suitable accounting policies and applied them consistently; (ii) adopted appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards; (iii) made adjustments and estimates that are prudent and reasonable; and (iv) prepared the unaudited interim condensed consolidated financial statements on the going concern basis.

As at 30 June 2022, despite the Group having net current assets of approximately HK$2,158,237,000, the Group's interest-bearing bank and other borrowings and convertible bonds in an aggregate amount of approximately HK$1,880,150,000 were due to be repaid within the next 12 months while its cash and bank balances amounted to approximately HK$90,077,000.

Provision C.2.1 of the Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the period under review, the Company did not have a separate chairman and chief executive officer ("Chief Executive Officer"). Mr. Chu assumed the roles of the Chairman and the Chief Executive Officer during the period from 1 January 2022 to 12 May 2022 and those of the Chairman and a Co-Chief Executive Officer during the period from 13 May 2022 to 30 June 2022. The Board believes that vesting both the roles of chairman and chief executive officer/co-chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions efficiently.

Provision F.2.2 of the Code stipulates that the chairman of the board should attend the annual general meeting of the company. Mr. Chu, the Chairman, was out of town and was therefore unable to attend the annual general meeting of the Company held on 22 June 2022. The Chairman will endeavour to attend all future annual general meetings of the Company unless unexpected or special circumstances prevent him from doing so.

The Company has adopted codes of conduct regarding securities transactions by Directors and by relevant employees (as defined in the Code) on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") contained in Appendix 10 to the Listing Rules.

On specific enquiries made, all Directors confirmed that they have complied with the required standards set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions during Period 2022.

During Period 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

The interim report of the Company for Period 2022 will be despatched to the Shareholders and published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.silvergrant.com.cn) in due course.

The Company established an audit committee ("Audit Committee") with written terms of reference in compliance with the Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and risk management and internal control systems of the Group. As at the date of this announcement, the Audit Committee comprises three independent non-executive Directors, namely Mr. Hung Muk Ming, Mr. Liang Qing and Mr. Zhang Lu. Mr. Hung Muk Ming is the chairman of the Audit Committee.

The unaudited condensed consolidated financial results of the Group for the six months ended 30 June 2022 have been reviewed by the Audit Committee.

With effect from 13 May 2022, Mr. Chu, the Chairman and an executive Director, has been re-designated from the Chief Executive Officer to a Co-Chief Executive Officer.

The Board would like to express its appreciation and gratitude to the Shareholders for their support and all the Group's employees for their hard work and dedication in carrying out their duties and in achieving the Group's business goals.

On behalf of the Board

Hong Kong, 30 August 2022